

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

PC COLLECTIONS, LLC,

Plaintiff,

v.

STARR INDEMNITY & LIABILITY
COMPANY,

Defendant.

Case No. C21-5754-RSL

ORDER GRANTING STAY

This matter comes before the Court on defendant's "Motion to Stay Proceedings" (Dkt. # 16). Having reviewed the submissions of the parties and the remainder of the record, the Court finds as follows:

Plaintiff is the assignee of certain rights and claims of Thomsen Ruston, LLC, Jess Thomsen, Inc., and the Estate of Michael Cohen. See Dkts. #1-2 at 1, # 17-4. Pursuant to this assignment, plaintiff seeks to recover against defendant for insurer bad faith and violations of Washington State's Insurance Fair Conduct Act and Consumer Protection Act. See Dkt. # 1-2 at 7-9. The allegations do not involve plaintiff other than in its role as an assignee. The allegations stem from two cases where issues between defendant and its insureds are in dispute: (1) Thomsen Ruston LLC v. Point Ruston LLC, Pierce County Superior Court, Civil Case No. 20-2-05437-8 (the "Underlying Action"), and (2) Starr Indemnity & Liability Company v. Point Ruston LLC et al, U.S. District Court for the Western District of Washington, Case No. CV20-5539-RSL (the "Coverage Action"). See id. at 5-7.

1 As of the date of the parties' memoranda, appeals were pending before the Court of
2 Appeals of the State of Washington, Division II, and the Ninth Circuit regarding the Underlying
3 Action and the Coverage Action, respectively. On June 1, 2022, the Ninth Circuit issued a
4 memorandum disposition affirming in part and reversing in part the Court's grant of summary
5 judgment in favor of the defendants in the Coverage Action. See Coverage Action Dkts. # 76
6 (memorandum disposition); # 77 (mandate). The Underlying Action appeal goes to the
7 reasonableness of a stipulated judgment entered into in the Underlying Action (the "Stipulated
8 Judgment"). The Court is unaware of the status of the Underlying Action appeal.

9 Defendant moves the Court for a stay due to the ongoing proceedings, arguing primarily
10 that the discovery that plaintiff seeks in the instant action would prejudice defendant in the
11 Underlying Action and Coverage Action. Plaintiff does not appear to refute defendant's
12 contention that the discovery sought would prejudice it in the Underlying Action and the
13 Coverage Action, but rather emphasizes that such discovery is relevant to plaintiff's bad faith
14 claims and customary in suits of this type. Both parties agree that a stay would promote judicial
15 economy given the intertwined nature of this matter, the Coverage Action, and the Underlying
16 Action, although they disagree on the appropriate length of the stay. It is undisputed that the
17 Stipulated Judgment influences the damages sought here.

18 As part of its inherent power to "control the disposition of the causes on its docket with
19 economy of time and effort for itself, for counsel, and for litigants," the Court has the power to
20 stay litigation pending resolution of related proceedings. Landis v. N. Am. Co., 299 U.S. 248,
21 254 (1936). Defendant, as the proponent of the stay, bears the burden of establishing its need.
22 Clinton v. Jones, 520 U.S. 681, 708 (1997). In deciding whether to grant a stay, the Court
23 weighs the following competing interests: (1) "the possible damage which may result from the
24 granting of a stay;" (2) "the hardship or inequity which a party may suffer in being required to
25 go forward;" and (3) the stay's potential to simplify or complicate "issues, proof, and questions
26 of law." CMAX v. Hall, 300 F.2d 265, 268 (9th Cir. 1962).

27 In this unusual circumstance, the Court finds that a stay is appropriate. This case is in its
28 infancy, and the possible damage that may result from granting a stay is slight. Defendant

1 argues, and plaintiff does not refute, that plaintiff is an entity created only for this assignment,
2 and the fact that it did not actually suffer the harm defendant allegedly caused in the related suits
3 minimizes prejudice to it here. However, while disclosure of defendant's underwriting file may
4 prejudice it in the Underlying Action and Coverage Action, any claim of privilege that might
5 otherwise have attached to its underwriting file was presumptively waived when it initiated the
6 coverage action. See Cedell v. Farmers Ins. Co. of Wash., 176 Wn.2d 686, 698-99 (2013).
7 Nonetheless, while the Court recognizes that insurer bad faith claims may stand even in the
8 absence of coverage, see Coventry Assocs. v. Am. States Ins. Co., 136 Wn.2d 269, 279 (1998),
9 resolution of the related suits is likely to significantly simplify the issues here given their
10 intertwined nature.

11 For all of the foregoing reasons, IT IS HEREBY ORDERED that defendant's Motion to
12 Stay Proceedings (Dkt. # 16) is GRANTED. This matter is STAYED in its entirety pending the
13 resolution of the Underlying Action and the Coverage Action. The deadlines pertaining to
14 plaintiff's motion to compel (Dkt. # 26) are STRICKEN, and defendant shall be given an
15 opportunity to respond upon the lifting of the stay. The Clerk of Court is directed to enter a
16 statistical termination in this case. Such termination is entered solely for the purpose of
17 removing this case from the Court's active calendar. The parties shall, within ten days of the
18 resolution of the Underlying Action and the Coverage Action, submit a Joint Status Report
19 setting forth the parties' recommendations for a new trial date and other scheduling deadlines.

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21 DATED this 22nd day of August, 2022.

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24 Robert S. Lasnik
25 United States District Judge
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